

## USP-2 Comments from the U.S. Board Delegation

August 18, 2022

Thank you for the opportunity to submit input for the Updated Strategic Plan (USP-2). We are pleased to begin the process of engaging on this important element of GCF's planning for the next four years which will input into the replenishment process.

GCF needs clear, quantifiable, non-self-referential metrics of progress and impact for USP-2. As noted in the IEU rapid assessment, many measures of progress on strategic objectives in USP-1 were ill-defined. As GCF matures as an institution, so must the rigor of its strategic metrics. Thus, we would like to see quantifiable goals connected to the strategic goals and measures for progress.

### **Mitigation goals:**

We would like to see mitigation goals expressed, for example; in terms of GHG emissions reductions or avoidance; deployment of technologies (MW of renewable energy, energy efficiency savings, deployment of clean technology in transport); appropriate metrics for land use mitigation (*e.g.*, hectares of land restored, avoided deforestation); and/or households benefitting from new technologies, *etc.*

### **Adaptation goals:**

We would like to see adaptation goals expressed, for example, in terms of people, property, livelihoods made more resilient, reductions in disaster risk, improvements in water conservation, *etc.*

### **Country ownership, capacity building and direct access:**

The USP-2 should include measurable, concrete, and specific goals for GCF's Direct Access Entity (DAE) engagement. If one of GCF's strategic objectives is long-term capacity building for Nationally Designated Authorities (NDAs) to support their planning and implementation of Nationally Determined Contributions (NDCs) and National Adaptation Plans (NAPs), GCF resources need to be invested in a more directed and impactful manner. We share the views expressed on the slide titled "Shifting the Model for NDC/NAP/LTS Implementation" presented by the Secretariat during the informal day at B.33.

Readiness and Project Preparation Facility resources need to be more accessible and deployed in line with countries' long-term programming or capacity building goals. GCF may wish to engage more with NDAs and Accredited Entities (AEs) to explore how their expertise could be leveraged to efficiently deliver some of this support. We share the views expressed on the first slide "GCF-2 Programming Target for Practice", in the same presentation noted above. However, with respect to the second slide: "GCF-2 Programming Target for Practice" on what GCF should do less of, we think these statements need to be calibrated to country circumstances.

The USP-2 should include measurable goals for how GCF can provide more consistent and impactful support for NDCs, and NAPs – helping countries to develop ambitious plans which can be translated into concrete investments for GCF and others to finance. GCF should be a "go-to" source for NDC and NAP support even if GCF doesn't directly provide the technical expertise. GCF's network of AEs could be activated to provide more support for NDCs and NAPs, and perhaps the USP-2 should reflect this aspect.

We think it could be useful to consider having a metric for share of projects originating from DAEs during GCF-2, perhaps expressed as number of projects versus financial volumes. To this end, we think GCF needs to adjust programming targets to focus on DAE engagement.

**Funds to SIDS/LDCs and African states:**

GCF should analyze the breakdown of funding proposals serving SIDS/LDCs and African states to assess the distribution of resources across individual countries in these categories.

In USP-2, GCF could consider reserving a portion of programming funds for minimum country allocations to states from these categories which have not yet received resources to facilitate their planning for use of resources.

**Operational efficiencies:**

The USP-2 should include measurable goals for how GCF can provide more efficient access to resources. These goals should be based on assessments of how current procedures and legal arrangements for accreditation work or don't work, and how funding proposals and funded activity agreements could be streamlined to allow for reduced transaction costs and processing times without sacrificing fiduciary and oversight obligations and project quality and impact.

**Accreditation function**

The USP-2 should include measurable, quantifiable goals for how GCF can use accreditation strategically to build long-term effective partnerships with key international and direct access partners to round out its delivery network. Accreditation of new DAEs or reaccreditation should aim to build long-term capacity of local partners.

GCF should consider how to help accreditation applicants who may not be ready or suited to be an AE find another role as a GCF partner.

**Private sector:**

The USP-2 should include measurable goals for how GCF can mobilize private finance, develop capacity of local private sector actors to invest in adaptation and mitigation, bring new business models and technologies to new markets, and help private firms that GCF engages with align to the goals of the Paris Agreement. The USP-2 should articulate how GCF will engage in risk-taking for impact and operationalize GCF's high risk-appetite.

The USP-2 should articulate the role of the private sector facility, particularly with regard to meeting the strategic objectives and quantifiable goals of the USP-2, as well as the role of public/international AEs who can engage with the private sector on GCF's behalf.

The USP-2 could set goals and parameters for use of the Project Specific Accreditation Framework.

**Coherence across climate funds:**

The USP-2 should include measurable goals for how GCF can continue to enhance access to climate finance for developing countries by taking steps to improve programming coherence and complementarity and harmonization of procedures across GCF, GEF, LDCF, SCCF, and the Adaptation

Fund, including by streamlining and harmonizing processes and procedures and integrating country programming strategies.

**Strengthening GCF capacities:**

The USP-2 should also consider the staffing resources required to implement GCF's ambitious vision, with a focus on organizational structures and staff recruitment and retention. In this context, USP-2 should explore how regional GCF offices could support the implementation of GCF's strategic objectives.

**Consultations:**

In addition to the Board, we encourage GCF to consult with NDAs, DAEs, IAEs, CSOs, the private sector, and other partners on the USP-2 to hear their views, needs, solicit their advice, and explore how they can assist GCF in delivering on USP-2.

***Comments in response to slides presented by the Secretariat during the informal day at B.33.***

**Slide on strategic tensions in the programming targets:**

**Paradigm-shift/risk taking:** It is hard to know what this means.

**Catalytic or leverage-maximizing:** This could vary by market.

**Ambition on results or ambition on allocations:** There should be a balance between these goals. In sectors or countries where alternative resources are available, prioritize ambition, in sectors where resources are scarce, GCF may need to focus more on allocation.

**Volumes or programming:** GCF should focus on delivering against strategic ambitions and may need to develop a pipeline particularly for DAEs and the private sector.

**Slide on strategic tensions in the operating model:**

**High speed/high volume funder or patient architect builder:** A hybrid approach that is tailored to country and market needs is probably needed.

**Supply-driven or demand driven project pipeline:** GCF's pipeline development should be based on finding projects that help implement country NDCs and NAPs.

**Rely on partner capabilities or do more itself to support implementation:** Given the heterogeneity of partner capabilities, GCF needs to strike a balance in its implementation model so that it can meet both its programming and capacity-building objectives. For some partners, GCF may need to provide increased institutional support. GCF should explore how some of its higher capacity AEs can be engaged to help other AEs in developing their capacity to partner with GCF. Very few international organizations can efficiently deliver funds directly to NGOs and the local private sector, so GCF must engage with local intermediaries.